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October 5, 2009

David W. Danner, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Dr. SW  
P. O. Box 47250  
Olympia, Washington 98504-7250

RE: *WUTC v. Puget Sound Energy, Inc. (2009 General Rate Case)*  
Dockets UE-090704/UG-090705

Dear Mr. Danner:

Enclosed for filing in the above-referenced docket are the original and 16 copies of the Commission Staff Response to PSE Motion for Leave to File Supplemental Testimony and Exhibits, and Certificate of Service.

Sincerely,

ROBERT D. CEDARBAUM  
Assistant Attorney General

RDC:klg  
Enclosures  
cc: Parties

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKETS UE-090704  
and UG-090705 (consolidated)

COMMISSION STAFF RESPONSE  
TO PSE MOTION FOR LEAVE TO  
FILE SUPPLEMENTAL  
TESTIMONY AND EXHIBITS

1 By motion dated September 28, 2009, Puget Sound Energy, Inc. (PSE) seeks permission to file the supplemental direct testimony and exhibits of John H. Story, David E. Mills, Donald E. Gaines, David W. Hoff, Louis E. Odom, and R. Clay Riding. PSE states that the supplemental testimony:

- updates its power cost projections for the rate year;
- updates its load forecast to reflect changes in economic data since PSE last prepared a load forecast in the fall of 2008;
- revises the cost of long-term debt and rate of return to reflect a recently completed bond issuance;
- corrects certain pro forma and restating adjustments; and
- updates various adjustments based on more recent data than was available when PSE prepared its original filing.<sup>1</sup>

2 Commission Staff does not oppose the motion, with the same two caveats the Commission accepted when it allowed PSE to file an earlier round of supplemental testimony and exhibits.<sup>2</sup> First, the issue now presented is only whether the Commission

<sup>1</sup> PSE Motion at ¶ 1.

<sup>2</sup> *WUTC v. Puget Sound Energy, Inc.*, Docket Nos. UE-090704 and UG-090705, Order 06 at ¶¶ 8-9 (August 12, 2009).

should grant PSE leave to file supplemental testimony and exhibits. Therefore, granting PSE's motion does not waive any party's right to contest the merits of the supplemental testimony and exhibits through their response case. Nor does it waive any party's right to contest the admissibility of the supplemental materials when they are offered at hearing.

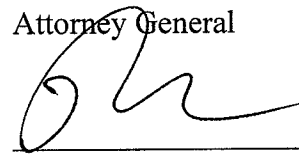
3           Second, the supplemental testimony and exhibits reflect higher electricity and natural gas revenue requirements than the amounts produced by the tariffs under suspension.<sup>3</sup> Therefore, the Commission's legal authority to allow a rate increase above the suspended tariffs may be implicated. Allowing PSE to file its supplemental testimony and exhibits does not waive any party's right to address that issue in post-hearing briefs after all evidence is admitted.

4           Staff asks the Commission to echo these caveats in any order granting PSE's current motion to file supplemental testimony and exhibits.

DATED this 5<sup>th</sup> day of October, 2009.

Respectfully submitted,

ROBERT M. MCKENNA  
Attorney General



ROBERT D. CEDARBAUM  
Assistant Attorney General  
Counsel for Washington Utilities and  
Transportation Commission Staff

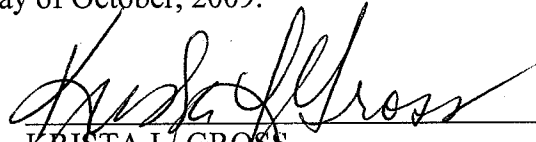
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<sup>3</sup> The supplemental testimony and exhibits increase the electricity revenue requirement from \$148.4 million to \$153.9 million. Exhibit (JHS-9T) at 4:11. The supplemental testimony and exhibits increase PSE's natural gas revenue requirement from \$27.2 million to \$29.5 million. Exhibit (JHS-9T) at 5:10-12. (This is actually a \$.9 million decrease from supplemental testimony filed August 3, 2009, but is still above the amount the suspended tariffs produce.)

Dockets UE-090704/UG-090705  
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the attached document upon the persons and entities listed on the Service List below by depositing a copy of said document in the United States mail, addressed as shown on said Service List, with first class postage prepaid.

DATED at Olympia, Washington this 5<sup>th</sup> day of October, 2009.

  
KRISTA L. GROSS

**HC=Highly Confidential**

**C=Confidential**

**NC=Non-Confidential**

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